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C O N F I D E N T I A L SECTION 01 OF 02 RANGOON 000909

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SUBJECT: WFP CHIEF REVEALS GOB SKIMMING DURING BURMA VISIT

REF: RANGOON 904

Classified By: CDA, a.i. Karl E. Stoltz for Reasons 1.4 (b,d)

[1](#)1. (C) SUMMARY: WFP Executive Director James Morris, the UN's most senior visitor to Burma in over a year, told Rangoon donor missions that, unbeknownst to WFP, the GOB has been levying a 10% "export tax" on all commodities that WFP purchases in country for its feeding programs. Morris was angry at media reports that falsely claimed he was carrying a "secret message" to the Burmese regime from the UNSYG. During his 4-day visit, he visited project sites, conferred with ethnic leaders and the NLD, and met with PM Soe Win. END SUMMARY.

UPSET BY FALSE MEDIA REPORTS

[1](#)2. (C) Executive Director of World Food Program (WFP), James Morris, visited Burma August 1-4. He is the highest-ranking U.N. official to visit Burma since the UNSYG's Special Envoy Razali visited in March 2004. In a briefing to donors before his departure, he took strong exception to media reports that he was carrying a "secret message" from U.N. Secretary General Kofi Annan to the SPDC. Characterizing a report by a Bangkok-based journalist as "dishonest and reprehensible," he said he had never met the reporter and that his visit was purely for program purposes.

[1](#)3. (U) Morris visited a WFP project site at Pakokku Township in Magway Division (central Burma) and had praise for WFP's Burma country team that works in very difficult circumstances. He said he was not able to visit WFP's large food-for-work program for former poppy growers in Shan State because of time constraints (reftel).

BRIEFING THE NLD AND ETHNIC LEADERS

[1](#)4. (C) Noting that WFP has a mandate to be "inclusive," Morris said he had also held separate meetings with ethnic leaders and with NLD leaders (Secretary U Lwin and CEC member U Nyint Wei). His meeting with ethnics included Seng Raw, a Kachin of the Metta Foundation, and U Aung Myint, representative for the United Wa State Army. Morris said that he discussed general development issues with the NLD, explaining to party leaders that WFP carefully selects partners among the NGO community, does not work with government NGOs (GONGOS), and identifies its feeding program beneficiaries independent of the GOB.

THE GOB'S LOOPHOLE REVEALED

[1](#)5. (C) In a damning revelation, Morris announced to donors that WFP Burma recently discovered that they have been paying the GOB a 10% "export tax" for all the food commodities they purchase, and then distribute, in Burma. WFP claims they were unaware because the GOB made a surreptitious arrangement with suppliers to mark up prices and collect the "tax."

[1](#)6. (C) Morris noted that in Burma, WFP purchases all its food commodities locally (except vegetable oil), a process that most countries appreciate for the economic advantages. However, he said that an "export tax" on commodities that do not ever leave the country is without precedent in WFP's global program. He said he raised the issue with the Minister of National Planning and Economic Development, who gave assurances that "this tax will be eliminated."

PRIME MINISTER SOE WIN VOICES SUPPORT FOR THE U.N.

[1](#)7. (U) According to Morris, in a meeting with Prime Minister Soe Win and various GOB ministers, the PM praised the UN community in Burma, expressed his "high respect" for its work, and said the GOB seeks closer cooperation. Morris addressed the increasing difficulty UN and NGO personnel are facing in accessing project sites and asked the GOB to be more flexible.

COMMENT: REGIME-STYLE TITHING

[1](#)8. (C) WFP in Burma faces many challenges, including access of its personnel to the field, bureaucratic delays in transporting food commodities, and now the revelation that the GOB has been skimming 10% off its food budget--systematically taxing the poorest of its poor in a country where an estimated 35% of children under five years

of age are chronically malnourished. General Soe Win's "praise" for the UN community stands in stark contrast to recent GOB diatribes against the ILO and increasing restrictions placed on UN and NGO workers. END COMMENT.
Stoltz